

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2012-322-E - ORDER NO. 2012-786  
OCTOBER 5, 2012

IN RE:	Application of South Carolina Electric & Gas	)	ORDER AUTHORIZING
	Company for Authorization to Amend,	)	REPLACEMENT AND
	Extend, Enter Into, Replace or Modify One	)	MODIFICATION TO
	or More Revolving Credit Facilities and	)	CREDIT FACILITY AND
	Renewals Thereof and to Amend, Extend,	)	REPLACEMENT AND
	Replace or Modify a Guaranty Agreement to	)	MODIFICATION OF
	Support a Revolving Credit Facility for	)	GUARANTY
	South Carolina Fuel Company, Inc. and	)	AGREEMENT
	Renewals Thereof	)	

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of an Application filed on August 27, 2012, by South Carolina Electric & Gas Company (“SCE&G” or “Company”) for authorization to: (1) amend, extend, enter into, replace or modify the terms of one or more revolving credit facilities, incur and repay indebtedness under one or more facilities pursuant to the terms thereof, and issue notes evidencing such indebtedness, all in the manner hereinafter described, (2) amend, extend, replace or modify a guaranty agreement to support a proposed revolving credit facility for South Carolina Fuel Company, Inc. (“SCFC”) and (3) amend, extend, enter into, replace or modify, from time to time, such arrangements in the manner described herein. The Application was filed pursuant to § 58-27-1710 (1976, as amended), 26 S.C. Code Ann. Regs. 103-823 and 823.1 (1976, as amended).

According to the Application, SCE&G proposes to amend, extend, enter into, replace or modify certain terms of one or more revolving credit facilities with a syndicate

of lenders, under which it will be able to borrow under one or more replacement credit facilities from time to time up to a maximum amount of \$1,100,000,000 (the “SCE&G Facilities”). The Summary of Indicative Terms and Conditions of the SCE&G Facilities (the “SCE&G Term Sheets”) was attached to the Application as Exhibit A and incorporated therein. SCE&G states that it expects one or more of the lenders in the syndication to serve as administrative agent for the SCE&G Facilities and that one or more of the lead lenders, or affiliates of which, will act as co-lead arrangers and will serve as syndication agents. The Company further states that borrowings under the SCE&G Facilities will be unsecured and will not encumber any of SCE&G’s assets. Under the SCE&G Facilities, SCE&G’s borrowings may remain outstanding until the SCE&G Facilities’ final maturity dates, which are expected to range from three to five years after the closing date. In its Application, SCE&G proposes to continue to have the flexibility to periodically extend the maturity date of the SCE&G Facilities and to substitute participating lenders as market conditions may warrant. Moreover, SCE&G seeks flexibility to modify the terms of the SCE&G Facilities as the market conditions dictate in connection with any such renewals or extensions.

In its Application, SCE&G states that the SCE&G Facilities will amend, extend, replace or modify SCE&G’s existing \$700,000,000, five-year revolving credit facility with a scheduled maturity date of October 23, 2015, with one or more revolving credit facilities. SCE&G also states that there are no borrowings outstanding under the existing credit facility as of the date of the Application.

According to the Application, interest payable on loans taken under the SCE&G Facilities will vary depending upon the interest rate option selected by SCE&G. The options available are (i) Base Rate (prime rate, Federal Funds Rate or one-month LIBOR rate, as selected by SCE&G, plus a spread based on SCE&G's credit ratings) and (ii) LIBOR plus the applicable Interest Margin which is based on SCE&G's credit ratings. SCE&G also states that the anticipated applicable Interest Margin rate will initially range between 0.8% to 1.65%.

According to the Application, SCE&G may pay certain fees, including attorneys', accountants', arrangers and agents' fees, and fees for similar services, in connection with the negotiation or consummation of the SCE&G Facilities or borrowings thereunder as described in the Application. According to the Application, SCE&G will pay facilities fees and may pay utilization fees described in the SCE&G Term Sheet. SCE&G states that such fees are the result of arm's length negotiations with the lenders under the SCE&G Facilities, and are comparable to fees payable in similar transactions in the marketplace. SCE&G will also pay participation fees to each lender under the SCE&G Facilities, to be determined pursuant to arm's length negotiations. SCE&G also expects to pay certain administrative fees based upon arm's length negotiations with the administrative agent and joint arrangers under the SCE&G Facilities, consisting of one-time arrangement fees and annual administrative fees. SCE&G may incur additional fees to periodically extend the maturity date or otherwise to amend the terms of the facilities.

According to the Application, the SCE&G Facilities will be used for the purposes of (a) providing liquidity to support the issuance and repayment of commercial paper, (b)

interim financing of SCE&G's ongoing electric plant and gas facility construction, (c) working capital requirements, and (d) general corporate purposes. In addition, SCE&G states that it may continue to issue intermediate-term and long-term debt securities for these purposes, as authorized from time to time by this Commission.

In its Application, SCE&G also proposes to amend, extend, replace or modify a guaranty agreement (the "Guaranty") to support a revolving credit facility for SCFC with a syndicate of lenders, under which SCFC may borrow from time to time a maximum amount of \$600,000,000 (the "SCFC Facility"). SCE&G states that it expects that one or more of the lead lenders within the syndication will also serve as administrative agents and syndication agents, respectively, for the SCFC Facility. According to SCE&G, the indicative terms and conditions of the SCFC Facility will be substantially the same as the SCE&G Facilities, except that the SCFC Facility could reasonably be expected to be collateralized, and are summarized in Exhibit B to the Application (the "SCFC Term Sheet"). SCE&G states that borrowings under the SCFC Facility may remain outstanding until its final maturity date, which is expected to be five years after the closing date. In its Application, SCE&G also proposes to enter into amendments to the Guaranty to cover periodic extensions of the maturity date of the SCFC Facility and substitutions of participating lenders as market conditions may warrant. The Company states that SCE&G will pay no fees in connection with the Guaranty of the SCFC Facility.

The Application states that the SCFC Facility will amend, extend, replace or modify an existing five-year revolving credit facility with a scheduled maturity date of

October 23, 2015, in the amount of \$400,000,000, which is also supported by an SCE&G guaranty. According to SCE&G, there are no borrowings outstanding under the existing credit facility as of the date of the Application.

SCE&G states that the SCFC Facility will be used by SCFC for the purposes of (a) providing liquidity to support the issuance and repayment of commercial paper and (b) to acquire, own, and provide financing and refinancing for SCE&G's nuclear fuel, fossil fuel, and emission and other environmental allowance requirements.

After investigation by the South Carolina Office of Regulatory Staff and upon full consideration by the Commission, the Commission is of the opinion, and so finds, that the matters set forth in the Application and the exhibits thereto are proper; that the purpose of the amendment, extension, replacement or modification of SCE&G's revolving credit facility and the Guaranty to support a revolving credit facility of SCFC are proper; and that incurring and repaying indebtedness under such facilities pursuant to the terms thereof are reasonable and proper.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

1. That SCE&G is hereby granted a Certificate of Authority to amend, extend, replace or modify its existing credit facility and enter into the SCE&G Facilities, under which it may borrow from time to time up to a maximum of \$1,100,000,000 as described in the Application; to incur and repay such indebtedness under such facilities pursuant to the terms thereof; and to issue notes evidencing such indebtedness.

2. That SCE&G's borrowings may remain outstanding until the SCE&G Facilities' final maturity dates.

3. That SCE&G is also authorized to periodically extend the maturity date of the SCE&G Facilities and to substitute participating lenders and amend or modify the terms of the SCE&G Facilities as market conditions may warrant. SCE&G shall notify the Commission of such extensions, substitutions, and/or modifications.

4. That SCE&G is authorized to incur and pay the fees and expenses in connection with the negotiation, consummation or performance of the SCE&G Facilities or any extensions or modifications thereof.

5. That SCE&G is authorized to use borrowings under the SCE&G Facilities to provide liquidity to support the issuance and repayment of commercial paper and, solely or with other corporate funds in any case, for interim financing of SCE&G's ongoing electric plant and gas facility construction, working capital requirements, and for general corporate purposes. In addition, SCE&G may continue to issue intermediate-term and long-term debt securities for these purposes, as authorized from time to time by this Commission.

6. That SCE&G is authorized to amend, extend, replace or modify the Guaranty to support a revolving credit facility for SCFC, under which SCFC may borrow from time to time a maximum amount of \$600,000,000.

7. That SCE&G is authorized to enter into amendments, extensions, modifications or replacements to the Guaranty to cover periodic extensions of the SCFC Facility and for the substitution of participating lenders as market conditions may warrant. SCE&G shall notify the Commission of such amendments, extensions, modifications, or replacements.

8. That approval of the Application does not bind the Commission as to the ratemaking treatment of these facilities or issuances thereunder.

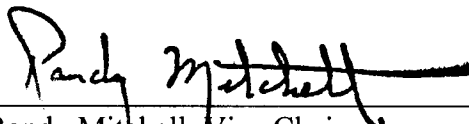
9. That this Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

10. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
David A. Wright, Chairman

ATTEST:

  
Randy Mitchell, Vice Chairman  
(SEAL)